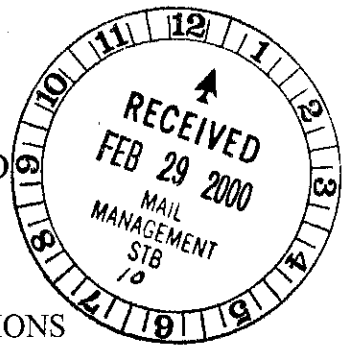


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SURFACE TRANSPORTATION BOARD



STB 1000
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PUBLIC VIEWS ON MAJOR RAIL CONSOLIDATIONS

Part of
Public Record

**TESTIMONY OF MATTHEW R. SWANSON ON BEHALF OF
ASSOCIATED FEED AND SUPPLY, INC.**

My name is Matt Swanson and I am President of Associated Feed and Supply, Inc., and Vice President of Swanson Farms Inc.

I thank you for the opportunity to come here today and speak on a subject that is extremely important to me as well as my customers: the benefits of rail consolidations to the shipping public.

Swanson Farms, founded in 1941, is a commercial turkey breeding operation that ships eggs worldwide in addition to providing stock for our four turkey production companies. After producing feed for our integrated poultry operations for 30 years Associated Feed was formed in 1971 to deliver feed products and nutrition to outside concerns. Our companies employ over 400 people; manufacture feed products for hundreds of commercial operators in the dairy, poultry, and swine industries, and sacked feed products for tens of thousands of retail customers who demand quality products for everything from horses to guinea pigs. Associated Feed has sales in excess of \$100,000,000 annually.

Associated Feed relies on rail for transportation of grain and feed commodities between points in the States of Nebraska, Iowa, South Dakota, Minnesota and California. Being unable to produce the quantity of grain and commodities required here in California we import over 80% of our needs via rail from the grain producing States in the Midwest.

Five years ago it became very apparent that the future of Associated Feed was in jeopardy. We did not have a direct rail delivery system and were forced to double handle all our grain and commodities in addition to paying a third party to unload and elevate our grain and commodities. If we did not invest in a facility of our own we would be at a severe disadvantage that would eventually lead to our demise. At that time, grain transportation by rail to California was serviced primarily by one railroad. After a series

of railroad mergers a second railroad now had a strong base of grain and commodity origins in the Midwest to connect with its California destinations. This opened up a new vista for us in California. These new merged railroads created greater competition and through greater competition came greater efficiency. To that end Associated Feed entered into a merger with three other local families in the layer business. Out of that merger came Sierra Grain Terminal LLC, which is a jointly owned grain and commodity receiving and storage facility. As a group we are able to handle enough volume to run a dedicated shuttle-train. A fifteen-hour load time at the origin and a fifteen hour unload time at our destination allows us to turn a train three times a month. Larger trains with greater carrying capacities, turned more frequently, allows the railroad to lower operational costs which allow us to receive lower tariffs and payments for meeting the load and unload time criteria. In the end California now has two railroads competing, both with high-speed shuttle-train facilities located up and down the State. This competition has lowered the price of feed and commodities to livestock producers of every stripe and in turn the consumer. I have seen this first hand for I am both a feed manufacturer and an end user on the poultry side.

I would like to thank the regulatory authorities that approved these mergers – for allowing Associated Feed and other receivers to benefit from increased competition and more efficient service.

I also urge this Board to approve the proposed combination of BNSF and CN. That combination is likely to open up more origins to Associated Feed, particularly canola meal and feed barley origins in Canada.